

BOARD OF CORRECTIONS (BOC)
2000/01 MENTALLY ILL OFFENDER CRIME REDUCTION GRANT
Compliance Evaluation Checklist

County Name: _____

Contract No.: _____

Contract Period: _____

Project Name: _____

Contract Amount: _____

Project Financial Officer: _____

Project Manager: _____

Checklist Completed By: _____ Date: _____

The purpose of this checklist is to assist counties in determining if they are maintaining an adequate audit trail in the event of an audit. The checklist is based on the following: (1) generally accepted auditing standards, (2) *Government Auditing Standards*, and (3) *Mentally Ill Offender Crime Reduction Grant (MIOCRG) Contract Administration Policies and Procedures Manual for Counties*.

Because each contract is slightly different, this checklist is merely a guide that covers general areas. All questions in the guideline have been designed to show a "YES" or "N/A" for favorable responses. ***(Reminder: All "N/A" responses require an explanation.)*** All "NO" responses identify situations that require research or clarification since the audit trail or records could be improved upon. However, judgment should be used in answering each question since each audit trail is different. Overall, documentation shall be maintained in such detail so as to provide an audit trail that will permit tracing transactions from the invoices to the financial statements, to the accounting records, and to the supporting documentation.

TOP SEVEN COMPLIANCE FINDINGS

Based on our prior compliance review, interim and final audits of grants, the BOC has identified the following conditions that are commonly found among MIOCRG grantees.

1. Late submittal of Quarterly Invoices.
2. Erroneous line item claims.
3. Insufficient County Match.
4. Inadequate supporting documentation for administrative overhead.
5. Inadequate internal controls for separation of duties and invoice authorization.
6. Insufficient supporting documentation for project personnel – timecards, timelogs, hourly salaries and benefits.
7. Miscellaneous record keeping and reporting weaknesses.

References:

Mentally Ill Offender Crime Reduction Grant Contract Administration Policies and Procedures Manual for Counties, June 2000

AICPA Audit and Accounting Guide, Audits of State and Local Governmental Units, May 1999

Generally accepted auditing standards

Government Auditing Standards, May 1999

Revised 04/18/02

Contact Log:

Complete upon contacting each grantee representative during the course of the compliance evaluation.

| <u>Name of Grantee Representative</u> | <u>Type of Contact</u> | <u>Issue Addressed</u> | <u>Date</u> |
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| A. INTERNAL CONTROLS | Yes | No |
|--|-------|-------|
| 1. Does the County have an organizational chart for each department involved with the grant? | | |
| a. Accounting Department | _____ | _____ |
| b. Auditor-Controller's Department | _____ | _____ |
| c. Sheriff's Department | _____ | _____ |
| d. Probation Department | _____ | _____ |
| e. Mental Health Department | _____ | _____ |
| f. Other (please specify) | _____ | _____ |
| 2. Has the County determined adequate separation of duties exist among the Accounting, Auditor-Controller's, Probation, Sheriff's, and Mental Health Departments? Other? | _____ | _____ |
| a. Can the County assure that transactions are received, approved and posted by more than one employee for any one transaction? | _____ | _____ |
| <i>Note: Separation of duties issue – no more than one employee may perform any of the above tasks.</i> | | |
| 3. Does the County maintain duty statements for all employees involved with the grant? | _____ | _____ |
| 4. Does the County maintain written internal control procedures and flowcharts for the following procedures: | | |
| a. Contract receipts and deposits? | _____ | _____ |
| b. Contract disbursements? | _____ | _____ |
| c. BOC invoices, including methodology of computing amount billed to BOC? | _____ | _____ |
| 5. Does the County have audit reports covering the County's internal control structure within the last two years? | _____ | _____ |
| a. Have the findings (if applicable) been reviewed to ensure they are not related to the grant? | _____ | _____ |

| B. CONTRACTS | Yes | No |
|---|-------|-------|
| 1. Does the County maintain the original contract between the County and the BOC? | _____ | _____ |
| 2. Does the County ensure that staff involved with the grant read the contract between the County and the BOC? | _____ | _____ |
| 3. Does the staff involved with the grant keep a copy of the grant contract as a reference? | _____ | _____ |
| 4. Does the contract specify the MIOCRG project manager and financial officer. Is this information current? | _____ | _____ |
| 5. Did the County submit any contract amendments to the BOC? | _____ | _____ |
| a. If so, does the County maintain copies of the contract amendments and adequate supporting documentation for the reason a contract amendment was requested? | _____ | _____ |
| 6. Did the County submit any budget modifications? | _____ | _____ |
| a. If not, did the County incur any substantial changes –those items affecting the design or scope, compliance, changes to budget line items greater than 10%, or significant program components that would require a budget modification? | _____ | _____ |
| 7. Has the County incurred any minor changes – those items affecting changes in personnel, dates and times of service delivery or changes to budget line items less than 10%? | _____ | _____ |
| a. If so, does the County submit the minor change modifications with the next regularly scheduled financial invoice (not required to be pre-approved by BOC)? | _____ | _____ |
| b. If so, does the County submit the minor change modification in the Semi-Annual Progress Report? | _____ | _____ |

c. Does the County maintain documentation that supports whether the minor budget modification will exceed or fall within the total project amount identified in the BOC's standard agreement?

8. Is the County's "Administrative Overhead" in line with the ten (10%) requirement?

Note: In no event will changes be authorized for the "Administrative Overhead" line item which would cause state funds in that line item to exceed 10% of the grant award.

9. Does the County maintain copies of the budget modifications and adequate supporting documentation to support budget modifications?

10. Does the County maintain or have access to the original subcontractor contracts?

a. If so, were they properly executed by the appropriate parties?

11. Upon awarding a grant contract to a public or private contractor, does the County advise the BOC of the award and supply a copy of the contract and any such information and documentation relevant to the project to the BOC?

12. Do the subcontractor contracts contain the required language (Refer to Exhibit A of contract)?

a. Maintenance of books and records?

b. Access to books and records?

c. Non-Discrimination clause?

d. Access to project staff and facilities?

e. Applicable Insurance (fire, worker's compensation, and liability)?

C. ACCOUNTING RECORDS

Yes

No

1. Does the County have an official project file that includes ALL the documents and correspondence related to the grant?

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| 2. Has the County established separate accounts to record funds received by the County that clearly identifies they are for the grant? | _____ | _____ |
| 3. Is the County required to have a Federal Single Audit conducted? | _____ | _____ |
| a. If so, does the County have copies of the Federal Single Audit Report for the last two fiscal years? | _____ | _____ |
| b. Have the findings (if applicable) been reviewed to ensure they are not related to the grant? By whom? | _____ | _____ |
| 4. Does the County maintain a project costing system or a system that tracks all the receipts and disbursements related to this grant? | _____ | _____ |
| a. If so, is the system's monthly printout reviewed by program (grant) staff? | _____ | _____ |
| b. Are discrepancies (if any) investigated and resolved? | _____ | _____ |
| c. Is this documented? | _____ | _____ |

| D. INVOICES | Yes | No |
|---|------------|-----------|
| 1. Does the County have copies of the reimbursement requests forwarded to the BOC? | _____ | _____ |
| 2. Does the County maintain adequate supporting documentation for all disbursements claimed on the BOC invoices, such as vendor invoices or payroll reports and timesheets? | _____ | _____ |
| a. Can the supporting documentation be readily tied back to the BOC invoices? (Are vendor invoices coded/identified by line item?) | _____ | _____ |
| b. Does each line item from the BOC invoice have a supporting calculation? (Is it determinable how the number was calculated?) | _____ | _____ |
| <p><i>NOTE: Budget line items will be randomly selected from invoices and tested at each respective section.</i></p> | | |

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| 3. Does the County submit quarterly financial invoices within 45 calendar days after the end of the fiscal quarter? | _____ | _____ |
| a. Of the invoices reviewed, do they reflect the correct reporting period? (See contract audit requirements) | _____ | _____ |
| b. Are the quarterly fiscal invoices properly authorized? | _____ | _____ |
| c. Does the County certify that the invoice is accurate and prepared according to BOC's regulations, policies and procedures, and that all funds were expended for the purpose of liquidating obligations legally incurred? | _____ | _____ |
| d. Is the County requesting reimbursement for only eligible project costs? (Refer to audit guide or contract for eligible project costs) | _____ | _____ |
| 4. Does the County submit semi-annual progress reports according to the schedule in the contract (every March 15 th and September 15 th through the life of the contract)? | _____ | _____ |

| E. CASH DOCUMENTS | Yes | No |
|--|-------|-------|
| 1. Does the County maintain receipts documenting payments received from the BOC? | _____ | _____ |
| 2. Does the County maintain deposit slips to document deposit of the payments received from the BOC? | _____ | _____ |
| 3. Does the County deposit BOC payments timely (within a week)? | _____ | _____ |
| 4. Can the County provide cancelled checks or disbursement documents documenting the payments made to the subcontractors or employees? | _____ | _____ |
| 5. Can the County provide bank statements documenting the deposit of the receipts from the BOC and the vendor disbursements clearing the bank? | _____ | _____ |

6. Can the County provide general ledgers documenting the entries for cash receipts and cash disbursements? _____

| F. HARD/IN-KIND MATCH RECORDS | Yes | No |
|---|------------|-----------|
| 1. Is the County expending match funds for only eligible project costs? (Refer to the contract administration or audit guide for list of eligible project costs.) | _____ | _____ |
| 2. Is the County expending match funds according to the schedule in the contract (25% by June 30 th of each year)? | _____ | _____ |
| 3. Does the County maintain adequate documentation to support match expenditures claimed on the BOC invoices, such as vendor invoices or payroll reports and timesheets? | _____ | _____ |
| a. Can the supporting match documents be readily tied back to the BOC invoices? (Are vendor invoices coded/identified by line item?) | _____ | _____ |
| b. Does each match line item from the BOC invoice have supporting calculation? (Is it determinable how the number was calculated?) | _____ | _____ |
| 4. Does the County maintain separate files/records for match funds? | _____ | _____ |
| a. If so, does the County files/records for the match tie back to the BOC invoices? | _____ | _____ |
| 5. To qualify as match, expenditures must be for the project funded by the BOC and must be made after July 1, 1999 for the first round of MIOCRG funding, July 1, 2001 for second round funding. If applicable, has the County ensured they have not used match funds they expended prior to that date? | _____ | _____ |
| 6. Does the County verify that match funds are not also claimed/reimbursed under another separate contract or grant? (Is double reimbursement of expenditures avoided?) | _____ | _____ |

| G. SALARIES AND BENEFITS | Yes | No |
|---|-------|-------|
| 1. Does the County maintain payroll records for county staff involved with the MIOCRG program? | _____ | _____ |
| a. Official timesheets for grant related employees (full-time and part-time)? | _____ | _____ |
| b. Salary rates per personnel records for grant related employees (full-time and part-time)? | _____ | _____ |
| c. Time allocation for part-time employees - actual hours worked (i.e. time logs)? | _____ | _____ |
| <i>(Note: estimates and approximate percentages are not acceptable for salaries.)</i> | | |
| 2. If the benefits amount is based on an allocation percentage of actual hours worked (salary calculation), is the benefits amount reasonable? | _____ | _____ |
| 3. Can the supporting payroll and benefits records be readily tied back to the salaries and benefits line item on the BOC invoices? (Is it determinable how the number was calculated?) | _____ | _____ |
| a. Randomly select an invoice and tie salaries and benefit amounts billed to supporting documentation. Does amount agree with amount invoiced? | _____ | _____ |
| 4. If there is any revision to employees authorized to work under the grant, are the revisions necessary for the direct delivery of services associated with the program? | _____ | _____ |
| 5. Does the County verify that salaries and benefits are not also claimed/reimbursed under another separate contract or grant? (Is double reimbursement of expenditures avoided?) | _____ | _____ |

| H. SERVICES AND SUPPLIES | Yes | No |
|---|-------|-------|
| 1. Does the County maintain copies of approved purchase orders or approved expenditure requests directly associated with the project? | _____ | _____ |

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| 2. Does the County maintain adequate proof of receipt, subcontractor invoices or signed receipts? | _____ | _____ |
| 3. Can the supporting service and supplies records be readily tied back to the line item on the BOC invoices? (Is it determinable how the number was calculated?) | _____ | _____ |
| a. Randomly select an invoice and tie services and supplies amount billed to supporting documentation. Does amount agree with amount invoiced? | _____ | _____ |
| 4. Does the County verify that services and supplies are not also claimed/reimbursed under another separate contract or grant? (Is double reimbursement of expenditures avoided?) | _____ | _____ |

| I. TRAVEL/PER DIEM | Yes | No |
|--|------------|-----------|
| 1. Does the County maintain County Travel Policies, with current Per Diem rates in accordance with state contract guidelines? | _____ | _____ |
| 2. Does the County maintain documentation to support purpose and cost of travel associated with program? (Applies to both reimbursable costs and match costs) | _____ | _____ |
| 3. Does the County ensure they are requesting reimbursement for only in-state travel? | _____ | _____ |
| 4. Can the supporting travel/per diem records be easily tied back to the line item on the BOC invoices? (Is it determinable how the number was calculated?) | _____ | _____ |
| a. Randomly select an invoice and tie travel/per diem amount billed to supporting documentation. Does amount agree with amount invoiced? | _____ | _____ |
| 5. Does the County verify that travel/per diem is not also claimed/reimbursed under another separate contract or grant? (Is double reimbursement of expenditures avoided?) | _____ | _____ |

| J. PROFESSIONAL SERVICES | Yes | No |
|---|------------|-----------|
| 1. Does the County verify that the rates charged comply with the contract? | _____ | _____ |
| 2. Does the County maintain documentation that the services were provided? | _____ | _____ |
| 3. Can the supporting professional services records be easily tied back to the line item on the BOC invoices? (Is it determinable how the number was calculated?) | _____ | _____ |
| a. Randomly select an invoice and tie professional services amount billed to supporting documentation. Does amount agree with amount invoiced? | _____ | _____ |
| 4. Does the County verify that professional services are not also claimed/reimbursed under another separate contract or grant? (Is double reimbursement of expenditures avoided?) | _____ | _____ |

| K. COMMUNITY-BASED ORGANIZATIONS | Yes | No |
|---|------------|-----------|
| 1. Does the County maintain an approved contract with the Community Based Organizations (CBO's)? | _____ | _____ |
| 2. Do the rates charged by the CBO comply with the contract terms? | _____ | _____ |
| 3. Does the County maintain evidence that the services were provided by the third party (CBO)? | _____ | _____ |
| 4. Can the supporting CBO records be easily tied back to the line item on the BOC invoices? (Is it determinable how the number was calculated?). | _____ | _____ |
| a. Randomly select an invoice and tie CBO charges billed to supporting documentation. Does amount agree with amount invoiced? | _____ | _____ |
| NOTE: CBO is not required to provide the County copies of its supporting documentation. However, County is liable if proper documentation is not maintained. | | |

5. Does the County verify that CBO charges are not claimed/reimbursed under another separate contract or grant? (Is double reimbursement of expenditures avoided?) _____

| L. ADMINISTRATIVE OVERHEAD | Yes | No |
|-----------------------------------|------------|-----------|
|-----------------------------------|------------|-----------|

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| 1. Does the County maintain supporting documentation or the calculation overview for the administrative overhead line item? | _____ | _____ |
| 2. If the supporting documentation is based on the allocation method, is the amount reasonable? | _____ | _____ |
| 3. Is the overhead percentage limited to 10% of the grant award? | _____ | _____ |

| M. FIXED ASSETS | Yes | No |
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|---|-------|-------|
| 1. Does the County maintain an inventory system that tracks the fixed assets purchased with state funds? | _____ | _____ |
| 2. Are County fixed assets purchased necessary for the delivery of services directly associated with the program? | _____ | _____ |
| 3. Are the fixed assets purchased with State Funds clearly labeled as state assets? | _____ | _____ |

Note: At end of contract, State may request the assets to be returned.

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|---|-------|-------|
| 4. Are the fixed assets safeguarded from loss or theft? | _____ | _____ |
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| N. Interest Income (Where Applicable) | Yes | No |
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|---|-------|-------|
| 1. Has the County submitted interest income reports to the BOC? | _____ | _____ |
|---|-------|-------|

2. Has the County requested to use interest income for program specific activities?

3 Can the County provide documentation that interest income was used for program specific activities?

Comments/Explanations: